A. C. of S., G-2
GHQ SCAP

SUBJECT : Adm. Badger's Estimate 13 July 1949

TO : A-2 FEAF

Attached find copy of the important message sent by Adm Badger to the Joint Chiefs of Staff. Please bring this to the attention of General Stratemeyer. It is a brilliant estimate, cold as ice and bitter as gall. I do not recall a similarly bold challenge of a Washington point of view, in the midst of a complicated world situation. Of course, we think that Adm. Badger is 100% right and that the CIA pamphlet was hastily thrown together to support a vacillating and corrupt China Policy

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Although the Nationalist situation in China may be at its lowest ebb the Communist Regime by its expansion into wide areas and large urban communities is just beginning to experience the many social economic monetary and other difficulties and problems that were the root of Nationalist reverses. It must be admitted that full effectivness of Chinese Nationalist Govt was hurt by the presence of certain inefficient inexperienced and occasional corrupt officials and that the attempt for the first time in China to exercise central control of mil or as logistics supply economic reforms and other govt functions has failed. However, the Communist Regime has yet to demonstrate ability to effect improvement as a Central Govt and at the present time appears to be confronted with serious difficulties both Civil and Mil.

The Communist Regime in China is just beginning to undergo its first serious governmental test. The eyes of the entire Far East are on the result within China itself and on the resulting international relationships and developments. Marked Communist

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ROUTINE

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COPY No.

12 JUL 1949

CHINA/071

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GENE[illegible] HEADQUARTERS, FAR EAST COMM[illegible]D
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

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Secret
ROUTINE

12 Jul 49

FROM : COMNAVWESPAC

TO : JOINT CHIEFS OF STAFF

INFO : CNO (PASS TO CENTRAL INTELLIGENCE AGENCY FOR INFO), CINCFE TOKYO JAPAN

NR : 111708 Z

COMNAVWESPAC has studied with interest recently recd pamphlet CIA "Probable Developments in China." He cannot agree with many of the detailed statements or with the general tenor of the publication and regards it as further example of increasing tendency to simplify the problems confronting the Communists in China and Asia and to criticize and condemn the officials and actions of the Anti-Communist Forces. In furthering this tendency sight appears to be lost of the US Natl Policy of with-holding the spread of Communism and that the job involves the discovery and promotion of ways and means to accomplish that task rather than to indulge in negative generalities.

Although the Nationalist situation in China may beat its lowest ebb the Communist Regime by its expansion into wide areas and large urban communities is just beginning to experience the many social economic monetary and other difficulties and problems that were the root of Nationalist reverses. It must be admitted that full effectivness of Chinese Nationalist Govt was hurt by the presence of certain inefficient inexperienced and occasional corrupt officials and that the attempt for the first time in China to exercise central control of mil o[illegible]s logistics supply economic reforms and other govt functions has failed. However, the Communist Regime has yet to demonstrate ability to effect improvement as a Central Govt and at the present time appears to be confronted with serious difficulties both Civil and Mil.

The Communist Regime in China is just beginning to undergo its first serious governmental test. The eyes of the entire Far East are on the result within China itself and on the resulting International relationships and developments. Marked Communist

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CHINA/091

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ROUTINE

FROM : COMNAVWESPAC NR : 111708 Z 12 JUL 49 CONTINUED:

success in China will increase the immediate probability of overwhelming Communist reaction throughout Asia even in Japan and including the Philippines where the friendship and gratitude of the govt and majority of people toward the US and adoption of American customs is such as to make them appear as "Little America." The implications of Communist success in China against the Nationalist Govt openly supported by the US can mean that the disparagement of one involves the disparagement of the other throughout the Far East. For this important reason pamphlets of the type and tenor of the one in question are harmful. Instead we should examine the possibilities of maintaining Asiatic respect and friendship toward the US and emphasize and bring to light the many positive factors still aval in Asia for the promotion of US interests and Democratic Govts.

COMNAVWESPAC is convinced that the policies and directives enunciated by the highest echelons of our govt have for the most part been distinctly in line with the positive accomplishement of our natl objective of with-holding the spread of Communism in Asia by providing for morale and material support in quantity sufficient for the purpose. However, he has repeatedly noted that the implementation of these policies and directives particularly concerning mil aid during past yr has been contrary to the basic rqmts of sound logistics support confidence and morale and at times has contributed importantly to failure.

It may be that public announcement that the support of Europe was to receive highest priority in receiving aid from the US may have had considerable effect in reducing the interest and thoroughness of planning and the efficiency of execution by US implementing agencies. This same effect became evident during World War II when it was publicity announced that the defeat of Germany was to receive highest priority over the defeat of Japan. In the latter case resulting reduction of interest and inadequate support in the Pacific was corrected in 1942-43 by use of the term "apd opns." Subsequently any implementing agency was rqd to give the same meticulous planning and support to all "apd plans" regardless of their geographical location. On the other hand wastage was greatly reduced by denying support to other than apd plans and directives. It may be worthwhile to give consideration to this point because it has been evident during past yr that purposes of certain adequate and timely acts of Congress the objectives and directives of the Joint Chiefs of Staff and the policies and purposes of the govt and State Dept have recd implementation of lower

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ROUTINE

GENERAL HEADQUARTERS, FAR EAST COMMAND
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

FROM : COMNAVWESPAC NR : 111708 Z 12 JUL 49 CONT'D

order than necessary and in some cases to a degree to be totally untimely ineffective and wasteful of material and damaging to morale.

COMNAVWESPAC believes that the vast majority Nationalist, Civil and Mil Officials are sincere and patriotic citizens of an Anti-Communist China. He also believes that the extension of Communist Areas of activity and the increasing urban responsibility constitutes an important reversal of the situation in China existing a yr ago. Although the Nationalist Govt has suffered important failures most of their leaders owe their origin and experience to the Guerrilla method of overthrow of the Chinese Govt and later during the war with Japan. Almost all of the Nationalist Generals listed on Page 16 of ref report are experienced and capable leaders in this form of warfare particularly able and capable of conducting effective opns with the minimum of outside support. In view of the fact that these men still control close to a million and a half armed men and are capable of recruiting many more it would appear unwise to assume that the Communist mil problems approach complete solution particularly if they extend their activities as far south as Canton. In addition the Nationalist pos is stronger than at the commencement of the Chinese Revolution or during the war with Japan by reason of the availability of Taiwan and Hainan largely self-supporting economically and available as tng areas and as air naval and supply bases on the other hand if Communists do not extend to South China another problem is presented which has favorable Chinese Nationalists potentialities. With these and many other reasons COMNAVWESPAC does not consider complete Communist success in China a foregone conclusion particularly if the Western Powers with-hold recognition and helpful industrial relationships.

Recommendations:

A. Clarify the Natl Policy of giving first priority to European aid as a matter of high level decision which does not imply any differential inefficiency of planning coordination and implementation of apd policies and directives by subordinate agencies on basis of geographical location.

B. ?DisContinue public disparagement or criticism of friendly govts and of their officials particularly when it involves failure of joint effort or interest. Such criticism or disparagement generally stems form an attempt to explain failure and invariably reacts importantly against the sincerity and dependability of US aid and support.

C. Withdraw or revise ref CIA pamphlet in such a manner to emphasize the broad implications of Communist success in China and to give full weight and due consideration to the rapidly changing

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16—50735-1 GPO O—795839

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ROUTINE

FROM : COMNAVWESPAC NR : 111708 Z 12 JUL 49 CONTINUED:

situation and to the thousands of patriotic individuals and to the many existing potentialities which comprise the Anti-Communist effort.

D. Impress on our Intelligence Svs the responsibilities of agencies supporting our Natl Policies and and directives by laying emphasis on the difficult task of exploring and accuragely reporting on all possible potentialities for success and by avoiding over-emphasis or misinterpretation of those DISEORDANT reports or unfavorable generalities which are always plentiful.

E. Amplify our effort towards nations of the Far East including the Philippines to maintain confidence and respect for democratic principles and discourage those actions by our citizens and those of our Allies to promote unproven and frankly unfriendly Communist Regimes as an acceptable alternative.

It is suggested this dispatch be given a distribution similar to that of CIA publication or E 45-49.

NO SIG

This is very good. I think

INFORMATION : COMMANDER IN CHIEF, CHIEF OF STAFF, G-1, G-2, G-3, G-4, AC, DIPLOMATIC, JSPOG

89162 ROUTINE TOO : 111708 Z
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COMPARISON OF COMNAVWESPAC, CIA AND FEC VIEWS ON THE CHINA SITUATION

SUBJECT: COMPARISON OF COMNAVWESPAC, CIA AND FEC VIEWS ON THE CHINA SITUATION

FROM: G-2/Intel TO: Gen Willoughby LJF/PBD/HM/jmk 23 July 1949

Enclosed herewith is draft reply to C/S Memo on CIA document, "Probable Developments in China." #1

2. In addition, a detailed comparison of the COMNAVWESPAC and CIA views on the China situation has been made, together with a comparison of both views with those expressed by G-2 FEC documents and specialists.

3. Perhaps COMNAVWESPAC's dispatch will achieve more good than he originally anticipated. At any rate, it should certainly draw considerable attention to the most critical situation in China as well as pointing out the faultiness of the CIA document.

1 Incl:
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FEC documents are much careful to avoid matters such as the , which deal primarily with State Department policy, and have confined themselves to factual reporting within the field of military intelligence. Therefore, although opinions have been formed by officers who deal closely with the China situation, they have not been officially expressed.

Point No. 2:

COMNAVWESPAC: "Although the Nationalist situation may be at its lowest ebb, the Communist Regime by its expansion into wide areas

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COMPARISON OF COMNAVWESPAC, CIA, AND FEC VIEWS ON THE CHINA SITUATION

In order to clarify the conflict in views brought to light by COMNAVWESPAC Radio NR: 111708 Z, 12 July 1949, in which COMNAVWESPAC expresses considerable disagreement with the views expressed in the CIA document, "Probable Development in China," 16 June 1949, the most controversial points are discussed herein. After a brief discussion of the COMNAVWESPAC and CIA views on each point, the FEC view, according to recent publications and current G-2 thinking is presented.

Point No. 1:

COMNAVWESPAC: "He cannot agree with many of the detailed statements or with the general tenor of the publication and regards it as further example of increasing tendency to simplify the problems confronting the Communists in China and Asia and to criticize and condemn the officials and actions of Anti-Communist Forces."

CIA: The detailed statements of which COMNAVWESPAC speaks are taken up in subsequent paragraphs and analyzed in some detail. However, the general tenor of the CIA document leaves one with important and distinct impressions, as follows:

a. The plight of the Nationalist Government is hopeless and complete disintegration is only a matter of time.

b. The only problem of appreciable magnitude, which confronts the Chinese Communists, is the establishment of foreign trade relations with the West. This is vital to the Communist economy.

c. Discussion of whether or not the United States should recognize a Communist Central Government for China when it is formed seems to be directed at justifying recognition and leaves the impression that such recognition must be forthcoming, although this statement is not made in so many words.

d. Although many other policy matters are discussed throughout the document, the problem of concentrated, revitalized, and effective foreign aid to the Nationalists is dodged, or at least skirted. Even though it is acknowledged that the vitalness of foreign trade to the Communist economy gives the United States a powerful and effective lever with which to press the Chinese Communists, the impression that this lever, along with military and economic aid to the Nationalists, might possibly be used successfully against Communist forces in Asia is not given.

FEC: FEC documents have been careful to avoid matters such as these, which deal primarily with State Department policy, and have confined themselves to factual reporting within the field of military intelligence. Therefore, although opinions have been formed by officers who deal closely with the China situation, they have not been officially expressed.

Point No. 2:

COMNAVWESPAC: "Although the Nationalist situation may be at its lowest ebb, the Communist Regime by its expansion into wide areas

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and large urban communities is just beginning to experience the many social, economic, monetary, and other difficulties and problems that were the root of Nationalist reverses."

CIA: Reference the first portion of this statement, rather than the expression "at its lowest ebb" the CIA document uses expressions such as:

a. "The US cannot reverse the course of the Chinese civil conflict nor induce the Chinese Communists to modify their intention to establish a Communist dictatorship over China," (Page 3, par 1).

b. "Nationalist China is virtually bankrupt and the National Government is in its death-throes. The... disintegration...render almost impossible the establishment of a functioning government or even a loosely organized coalition capable of offering resistance to the Communists." (Page 11, par b).

c. "Remaining Nationalists or anti-Communist forces cannot, in the foreseeable future, effectively resist the Communist military machine." (Page 17, par (3) (a)).

FEC: "The most significant factor bearing on the possibility of continued, organized resistance...is whether power rests in the hands of Acting President LI Tsung-jen or CHIANG Kai-shek, or remains divided between the two. ...If power remains divided...the unity necessary for effective resistance...will not exist." It should be further added that the FEC statement in this case did not in any way consider the possibility of extensive, effective US economic and military aid to the Nationalists. Nor did it enter into the problem of an "economic embargo" by the western powers against the Chinese Communists. Our estimates kept within the field of intelligence and did not suggest a US course of action.

Point No. 3:

COMNAVWESPAC: "It must be admitted that the full effectiveness of Chinese Nationalist Government was hurt by the presence of certain inefficient, inexperienced, and occasional corrupt officials and that the attempt for the first time in China to exercise central control of military operations, logistics, supply, economic reforms, and other government functions has failed."

CIA:

a. "The National Government no longer functions as an organized administration even on a regional basis. Since CHIANG Kai-shek's retirement from the presidency in January, there has been little evidence of leadership or central direction of the Government." (Page 11, par b).

b. "The defeat of the Chinese Nationalist Army, therefore, can be attributed basically to internal decay. Although... the basic reasons for Nationalist defeat were: (1) army politics, which kept militarily incompetent officers in positions of high command; (2) the personal command of all combat areas exercised by CHIANG Kai-shek, which prevented independent tactical action by field commanders; (3) accelerating economic decay, which resulted in inadequate pay, food, clothing, and equipment for the troops;

and (4) graft and corruption practiced by senior officers at the expense of their troops." (Page 15, par c).

FEC: Agree with the CIA document in this case, with one exception. The basic difficulties resulting from CHIANG's control of all combat areas did not stem from the fact that use of initiative on the part of field commanders was impaired but from the fact that CHIANG rushed into most situations uninformed, misinformed, or inadequately prepared with the true picture of the situation. As a result, his decisions and orders were often faulty, or certainly not the best possible, and the resulting confusion in the situation gave the advantage to the Communists. Furthermore, many of the leaders were incapable of exercising proper initiative, therefore CHIANG's intervention could not influence their actions in this respect.

Point No. 4:

COMNAVWESPAC: "However, the Communist Regime has yet to demonstrate ability to effect improvement as a Central Government and at the present time appears to be confronted with serious difficulties both Civil and Military. The Communist Regime in China is just beginning to undergo its first serious governmental test."

CIA:

a. "The Chinese Communists will probably not be faced with serious food shortages during the next year. Some progress will be made in reviving transportation and industry, and the Communists will have a relatively stable currency. The Communists' principal economic problem in the coming months will be that of acquiring petroleum, machinery, and perhaps cotton. There is little prospect of substantial Soviet aid.... Therefore, China's economic recovery during the next year will probably depend on active Western trade and close ties with occupied Japan." (Page 1, par 5)

b. "Depriving the Communists of essential imports would retard the rehabilitation of China and increase the economic difficulties that will confront the CCP." (Page 5, par 4).

c. "There are points of potential conflict between the USSR and the CCP...such as possible Soviet inability to assist in China's industrialization, Soviet designs in China's border regions, the CCP's intentions toward Communist movements in Asia, and the general issue of subservience to Moscow - but none of these issues seems likely to cause serious friction in the near future." (Page 10, par (b)).

d. "Recent CCP victories have brought with them the new responsibility of protecting communications, urban life, and industry." (Page 13, par 3.b).

e. "Although the Communist forces have all the advantages at present, when they move to eliminate the last areas of resistance they will face entirely new problems. ...Will be moving into extremely rough mountainous terrain.... In order to support their occupation

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armies adequately, they must of necessity greatly extend their lines of supply and communication into these food-deficit areas. ...they will...be moving into a great expanse of territory where the local populace is either actively or potentially hostile. ...also face the problem of how to feed, clothe, indoctrinate, and otherwise dispose of captured or defected anti-Communist forces." (Page 17, par (1)).

f. "The acquisition of Taiwan is another problem for the CCP: ..." (Page 17, par (1)).

g. The importance of trade with the western powers to the Communists is fairly heavily emphasized in the CIA document. (Page 19, par 2(a)).

FEC: Disagree with the CIA statements in par a, above, which state that the Chinese Communists probably will not be faced with serious food shortages during the next year, and that the Communists will have a relatively stable currency. Vast areas of important food-producing areas in China were recently flooded and serious food shortages probably will result in these and other areas. During the past few months, Communist currency has started on an inflationary spiral in some key areas which exceeds the hitherto unprecendented depreciation of Nationalist currency. These two factors are serious disorders in the Communist household, and it is by no means a foregone conclusion that the Communists will be able to deal effectively with the problems.

FEC concurs with COMNAVWESPAC's comment that the economic problem facing the Chinese will not be simple.

FEC concurs with CIA statements in paragraphs b, c, d, e, and f, however, the importance of these points is not properly emphasized or brought to light in the document. Actually, these points support rather than disagree with COMNAVWESPAC's contention that the US should reorient its policy in Asia.

Point No. 5:

COMNAVWESPAC: "The eyes of the entire Far East are on the result within China itself and on the resulting international relationships and developments. Marked Communist success in China will increase the immediate probability of overwhelming Communist reaction throughout Asia even in Japan and including the Philippines.... The implications of Communist success in China against the Nationalist Government openly supported by the US can mean that the disparagement of one involves the disparagement of the other throughout the Far East. ....Instead we should examine the possibilities of maintaining Asiatic respect and friendship toward the US and emphasize and bring to light the many positive factors... for the promotion of US interests and Democratic Governments."

CIA: The CIA document, in effect, admits the seriousness of the repercussions which may occur in South Korea, Southeast Asia, the Philippines, and other Far East countries if the Communists achieve successes in China. (Page 7, par g.). However, these consequences are not emphasized to any great extent.

FEC: Concur with COMNAVWESPAC, except as to the phrase in the second sentence which says, "increase the immediate probability of overwhelming Communist reaction throughout Asia even in Japan and including the Philippines...." FEC believes the word immediate should be deleted,

for the reaction discussed here could not conceivably become overwhelming immediately. A considerable period of time would be required for all areas discussed to become "overwhelmed". It must be recognized, however, that the outlook for the future of these areas definitely would change from grey to black.

Point No. 6:

COMNAVWESPAC: "COMNAVWESPAC believes that the vast majority of Nationalist Civil and Mil Officials are sincere and patriotic citizens of an Anti-Communist China."

CIA: In this respect, CIA comments listed under Point 3 are applicable. Furthermore, the statements on Page 8, par (2) (a), which says, "For the next few months, the CCP will be absorbing large numbers of lower and middle echelon National Government personnel...by far the greater part of these officials stay on the job...thus avoiding a complete break in continuity with the old order" is quite applicable at this point.

FEC: Concur with the CIA document in its statements, although it does not go quite far enough. COMNAVWESPAC's statement that the vast majority of Nationalist officials are patriotic and sincere can be considered probably true, but it does not get at the root of the trouble. Even though they may be patriotic and sincere, they can at the same time be inefficient, ineffective, corrupt (in a sense), and generally lacking in leadership ability. This has been the case in all too many instances. There is something that comes above patriotism and sincerity in the lives of the majority of Chinese people -- that is the problem of livelihood or survival. It is this problem which has exerted great influence on the Chinese for centuries and is a natural result of having too little for too many people. Thus, in order to sustain the lives of themselves and their families, many of the under-paid Chinese officials have turned to what we call graft and corruption as a matter of necessity, and, of course, such a turning has had disastrous effects on China, both psychological and economic. Furthermore, by no stretch of the imagination can the Chinese handling of personnel problems be called efficient, and in many important cases the consequences of inefficiency and ineffectiveness in public office are shifts to public offices in other areas or "kicking the undesirables upstairs". Innumerable cases of the foregoing are well known and can be easily cited.

It must be mentioned that there are capable leaders among the Chinese who could fill all or most of the requirements of leadership by anyone's standard. Many of these leaders, have not been utilized effectively or efficiently and are kept in subordinate positions without power to influence the situation to any extent, primarily because CHIANG Kai-shek feared that their success in positions of high responsibility and their resulting popular appeal with the masses might menace his own position as the "indispensable" leader of China. PAI Chung-hsi, FU Tso-yi, and the "young Marshal", CHIANG Hsueh-liang, are outstanding examples of this type. The responsibility for the situation must be laid at the door of Generalissimo.

As a matter of fact, the patriotism and the sincerity of many of the Chinese officials is open to serious question. If they are sincere and patriotic, why are the Chinese Communists able to fill many of their requirements in provincial and local governments by using former Nationalist officials who eagerly seek the jobs? Why the tremendous number of defections in the Nationalist armed forces?

Point No. 7:

COMNAVWESPAC: "He also believes that the extension of Communist areas of activity and the increasing urban responsibility constitutes an important reveral of the situation in China existing a year ago."

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CIA: Recognition of the fact that the Communists have matured to a position with full scale responsibilities is given in the CIA document, although complete "reversal of the situation" is not acknowledged.

FEC: Just what COMNAVWESPAC means by "important reversal of the situation in China existing a year ago" is not clear, although it is assumed to mean that the Communists now have urban problems whereas the Nationalists have been relieved of these problems to the extent that they now have approximately the same urban responsibilities as the Communists had a year ago. This is more or less true, although the effects resulting from such a reversal are yet to be seen. See comments under Points 1, 2, and 4.

Point No. 8:

COMNAVWESPAC: "Although the Nationalist Govt has suffered important failures, most of their leaders owe their origin and experience to the guerrilla method of overthrow of the Chinese Govt and later during the war with Japan. Almost all of the Nationalist generals listed on page 16 of reference report are experienced and capable leaders in this form of warfare particularly able and capable of conducting effective operations with the minimum of outside support. In view of the fact that these men still control close to a million and a half armed men and are capable of recruiting many more, it would appear unwise to assume that the Communist military problems approach complete solution, particularly if they extend their activities as far south as Canton."

CIA: CIA does not dispute the facts presented by COMNAVWESPAC.

FEC: Concur with COMNAVWESPAC with certain additions and modifications. The inference in the COMNAVWESPAC statements is that these leaders and men can be counted on to continue the fight and appreciably affect Communist plans for the area. Neither COMNAVWESPAC nor CIA emphasize what FEC believes to be one of the critical factors in this problem--the lack of the will to fight on the part of many of these Chinese troops and the intense desire for peace. The question of unity of purpose and action on the part of the leaders is another highly important factor, and FEC considers it doubtful, barring a radical change in the present situation, that the necessary unity for successful effective resistance can be achieved in the foreseeable future.

Concur with COMNAVWESPAC statement that Communist military problems do not approach complete solution. Active dissidence and opposition to the Communist regime and to the policies of the regime have appeared in Communist rear areas in recent months, lending credence to COMNAVWESPAC's statement.

Point No. 9:

COMNAVWESPAC: "In addition the Nationalist position is stronger than at the commencement of the Chinese Revolution or during the war with Japan by reason of the availability of Taiwan and Hainan, largely self-supporting economically and available as training areas and as air, naval, and supply bases. On the other hand if Communists do not extend to South China another problem is presented which has favorable Chinese Nationalists potentialities."

CIA: Does not cover the problem in this respect.

FEC: The large influx of some million and a half refugees to Taiwan in recent months constitutes a real threat to the economic sufficiency of Taiwan, therefore this portion of COMNAVWESPAC's statement must be considered doubtful. Furthermore, during the war with the Japanese the

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Chinese had unity of purpose and effort, comparatively speaking, many of the key, capable leaders which have since been lost were available, and Chinese troops had not lost the "will to fight". Furthermore, the Chinese people as a whole were comparatively fresh and eager to fight the invader. Presently, they are weary of years of continuous war, and their primary concern is peace and an end to the chaos of war.

Point No. 10:

COMNAVWESPAC: "With these and many other reasons COMNAVWESPAC does not consider complete Communist success in China a foregone conclusion particularly if the Western powers withhold recognition and helpful industrial relationships."

CIA: The same comments are applicable here as were applicable in the discussion of Point No. 1.

FEC: Concur with COMNAVWESPAC's statement, especially when looking at the prospects of the situation over a long period of several years. CIA does not bring out the possible consequences of these counter actions against the spread of Chinese Communism sufficiently, nor does it discuss the potential results of these measures if combined with the proper kind of foreign aid to the Nationalists.

CONCLUSIONS: Considerable merit is found in both the CIA and COMNAVWESPAC documents, and both are worthy of close study. The general issue raised by COMNAVWESPAC, and by far the most important from the overall viewpoint, is that the CIA document conveys the impression that almost all is lost in China and that the success of communism in China and possibly in other areas of the Far East is almost a foregone conclusion. At the same time, COMNAVWESPAC feels that much too much attention is given this feeling of helplessness and not enough attention is given to the discovery of ways to prevent the spread of communism in the Far East. Current G-2 thinking follows the same tenor as these feelings expressed so aptly by COMNAVWESPAC. It is pertinent to point out here that an Intelligence agency normally does not become the advocate of a course of action. Granted, if the situation continues as it does today, the outlook is most bleak, although not completely hopeless. Aggressive, coordinated, prompt, and unyielding action on the part of the western powers in matters of trade with the Communists, recognition of their puppet government which will undoubtedly be formed in the near future, improved moral support for the anti-Communist forces, the proper type of economic and military aid--made in sufficient quantities and with proper supervision and promptness--could well reverse the tide if applied over an extended period of time. Such support probably would follow a pattern similar to that in Greece, although the China problem is of considerably greater magnitude and is in its more advanced stages. Delay in proper action possibly, although not assuredly, could result in success for communism in Asia and defeat for the democracies.